

**STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769**

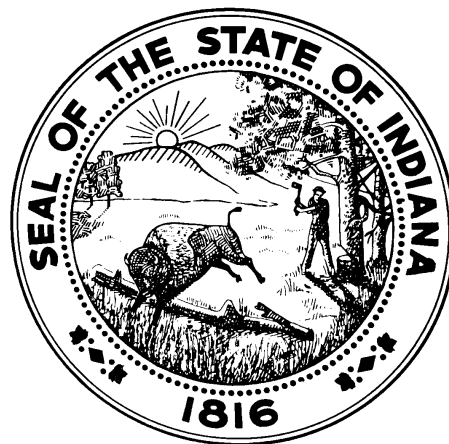
EXAMINATION REPORT

OF

BERNE PUBLIC LIBRARY

ADAMS COUNTY, INDIANA

January 1, 2006 to December 31, 2007



FILED
10/08/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Marvel B. Zuercher	01-01-06 to 12-31-08
Treasurer	Naomi E. Lehman	11-01-05 to 10-31-08
President of the Board	Rick A. Gorrell	11-01-05 to 10-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE BERNE PUBLIC LIBRARY, ADAMS COUNTY, INDIANA

We have examined the financial information presented herein of the Berne Public Library (Library), for the period of January 1, 2006 to December 31, 2007. The Library's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Library for the years ended December 31, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

August 21, 2008

BERNE PUBLIC LIBRARY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Operating	\$ 123,656	\$ 296,340	\$ 313,415	\$ 106,581
Gift	5,905	4,956	2,554	8,307
Rainy Day	62,546	30,556	16,589	76,513
Levy Excess	1,978	-	1,978	-
Lease Rental	55,571	113,033	115,000	53,604
Library Improvement Reserve	66,809	5,000	9,718	62,091
Fiduciary Funds:				
Payroll Withholdings	-	39,877	38,509	1,368
PLAC	-	124	93	31
Totals	<u>\$ 316,465</u>	<u>\$ 489,886</u>	<u>\$ 497,856</u>	<u>\$ 308,495</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Operating	\$ 106,581	\$ 295,902	\$ 319,396	\$ 83,087
Gift	8,307	4,120	4,662	7,765
Rainy Day	76,513	32,015	22,237	86,291
State Technology Grant	-	4,500	-	4,500
Lease Rental	53,604	116,145	115,000	54,749
Library Improvement Reserve	62,091	5,000	2,983	64,108
Fiduciary Funds:				
Payroll Withholdings	1,368	43,898	45,266	-
PLAC	31	30	61	-
Totals	<u>\$ 308,495</u>	<u>\$ 501,610</u>	<u>\$ 509,605</u>	<u>\$ 300,500</u>

The accompanying notes are an integral part of the financial information.

BERNE PUBLIC LIBRARY
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Library was established under the laws of the State of Indiana. The Library provides culture and recreation services.

Note 2. Fund Accounting

The Library uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Library in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Library on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Library to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

BERNE PUBLIC LIBRARY
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

December 31, 2007

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 1
Buildings	1,232,438
Improvements other than buildings	4,733
Machinery and equipment	<u>125,233</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 1,362,405</u>

BERNE PUBLIC LIBRARY
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2007

The Library has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Library building lease	\$ 600,000	\$ 114,000

BERNE PUBLIC LIBRARY
EXAMINATION RESULT AND COMMENT

INVESTMENT MATURITY LIMITATION

On August 19, 2007, the Library purchased a certificate of deposit that has a maturity date of April 19, 2012. The terms do allow for one withdrawal with no penalty.

Indiana Code 5-13-9-5.6 states: "Investments made under IC 5-13-9 must have a stated final maturity of not more than two years after the date of purchase or entry into a repurchase agreement."

BERNE PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on August 21, 2008, with Marvel B. Zuercher, Director. The official response has been made a part of this report and may be found on page 10.

BERNE PUBLIC LIBRARY

166 N. Sprunger St.
Berne, IN 46711

August 21, 2008

Official response to:

State Board of Accounts

Re: Certificates of Deposit with longer than two year term

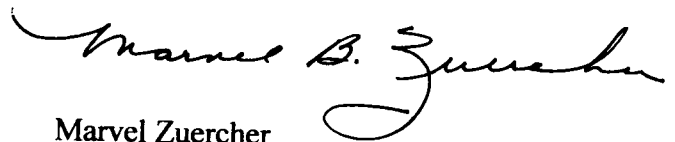
CD # 5117916 -- \$100,000.00 -- 8/19/07 -- due 4/19/12 (56 mo.)

When our CD # 5093331 came due on 8/19/07, the best rate for a 2 yr CD was from the Bank of Geneva at 3.70%. Keeping the funds in the Gold Money Market account at the First Bank of Berne would have earned 3.98% until the balance went below \$100,000.00. At that time the First Bank of Berne was offering a special 56 month, no penalty for one-time early withdrawal CD with 4.94% interest. The significant difference in interest rates was the determining factor in choosing this option since the no-penalty clause would allow us to retrieve the funds before 4/19/12 if necessary.

CD # 5129440 -- \$100,000.00 -- 3/8/08 -- due 11/8/11 (44 mo.)

A similar situation existed when our CD # 5104773 came due on 3/8/08. At that time the best 2 yr CD interest rate was APY of 2.85% from the Bank of Geneva. However, the First Bank of Berne was offering a special 44 month CD at a rate of 3.31% APY with no penalty for one time early withdrawal. Again it seemed the wise thing to do was to invest our funds where the best return could be received.

Sincerely,



Marvel Zuercher
Library Director